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Prospects of Iran Closing the Persian Gulf
Talking Points for the DCI
27 September 1983

Summary

The Iran-Iraq war remains a stalemate with neither side able to win a decisive military victory on the ground. Ayatollah Khomeini is determined to continue the war until Iraqi President Saddam Hussein falls from power and we see no evidence of progress toward a negotiated settlement. Iraq is desperately searching for an action that will either end the war or relieve the country's financial burden.

Current Situation

After its defeats early this year, Iran decided to pursue a war of attrition punctuated by limited attacks.

- No major fighting has taken place since early last month, Iran achieved some limited gains in Iraq's Kurdish area in July but failed in attacks along the central border in August.
- The Iranians are preparing for new limited attacks in Iraq's Kurdish area before late October.

With oil exports limited to the Turkish pipeline, Iraq's economy soon will be strained to its limits. Iraq's current account deficit will reach an estimated \$15 billion this year and its foreign reserves will plummet to less than \$5 billion by year's end.

The Super Etendard

We believe Iraq is planning to break the stalemate by attacking Iranian oil exports. Baghdad's weapon for this escalation apparently is the French-built Super Etendard aircraft armed with Exocet missiles.

- [REDACTED], Saddam's military advisers have urged him to use the Super Etendard to attack oil tankers serving Iran.

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We have attached two copies of a typescript memorandum, Iran-Iraq War: Increased Threat to Gulf Oil Exports, which we have delivered to the working levels of key departments of the intelligence community, in case you would like to pass one to Mr. Clark.

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